PRESS RELEASE

Asahi Kasei Corp.
May 9, 2024

Notice of equity in losses of affiliates, impairment loss, loss on valuation of shares, and differential between performance forecast and results

Please be informed that Asahi Kasei has recorded equity in losses of affiliates and impairment loss on its consolidated financial statements for fiscal 2023 (April 1, 2023 – March 31, 2024). Also, a differential has emerged between the consolidated performance forecast in the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024) announced on February 7, 2024, and actual results announced today.

1. Recording of equity in losses of affiliates (consolidated financial statements)

On the consolidated financial statements for the fiscal year ended March 31, 2024, ¥41.7 billion was recorded as equity in losses of affiliates under non-operating expenses as an effect of the recording of an impairment loss in relation to noncurrent assets of equity-method affiliate PTT Asahi Chemical Co., Ltd.

2. Recording of impairment loss (consolidated financial statements)

Centered on the Basic Materials business in the Material Sector, a severe operating environment continues with diminished demand and elevated costs for feedstock, fuel, and logistics. Based on studies of future recoverability in light of the recent operating environment, impairment loss of ¥90.6 billion was recorded under extraordinary loss in the consolidated financial statements for the fiscal year ended March 31, 2024, as shown below.

Business	Amount of impairment loss
Equipment related to asset group for general-purpose petrochemicals and resins	¥58.4 billion
Equipment for manufacturing regenerated fiber	¥12.2 billion
Goodwill etc. related to gas sensor business	¥4.0 billion
Other equipment for manufacturing, etc.	¥16.0 billion

3. Recording of loss on valuation of shares of subsidiaries and affiliates (non-consolidated financial statements)

As the actual value of shares of PTT Asahi Kasei Chemical Co., Ltd., an equity-method affiliate, is significantly diminished, ¥20.3 billion was recorded as loss on valuation of shares of subsidiaries and affiliates on the non-consolidated financial statements for the fiscal year ended March 31, 2024. The corresponding loss on valuation of shares of subsidiaries and affiliates is eliminated in the consolidated financial statements for the fiscal year ended March 31, 2024.

4. Differential between consolidated performance forecast and actual results for the fiscal year ended March 31, 2024

	Net sales (¥ million)	Operating income (¥ million)	Ordinary income (¥ million)	Net income attributable to owners of the parent (¥ million)	Net income per share (¥)
Previous forecast	2,775,000	130,000	120,000	80,000	57.71
Actual results	2,784,878	140,746	90,118	43,806	31.60
Increase (decrease)	9,878	10,746	(29,882)	(36,194)	—
Percent change	0.4%	8.3%	−24.9%	−45.2%	—
cf. fiscal 2022	2,726,485	127,716	120,900	(91,948)	(66.30)

5. Reason for differential between forecast and results

Results for net sales were largely in line the previous forecast. Operating income exceeded the previous forecast with an increase in the Material segment as terms of trade for basic materials improved. Ordinary income was lower than previously forecasted due to the recording of equity in losses of affiliates. Regarding net income attributable to owners of the parent, as described in a separate announcement issued today, "(Update to Previous Disclosure) Notice of Loss on Sales of Shares and Gain from Income Taxes by Transfer of Shares between Consolidated Subsidiaries," from income taxes–current decreased by ¥24.1 billion and from income taxes–deferred decreased by ¥42.3 billion, but with the recording of the impairment loss described above, the result was lower than previously forecasted.

Please refer to Consolidated Results for Fiscal 2023 issued today.